



"The mission of WorldWater & Solar Technologies Corp. is to be the leading provider of solar-powered motors, water pumping and electricity for people throughout the world."

U.S. House of Representatives Committee on Small Business,

Subcommittee on Contracting & Technology

Hearing On

"Small Business Renewable Energy Tax Incentive Possibilities"

Testimony Submitted

By

Mr. Quentin T. Kelly

WorldWater & Solar Technologies Corp.

Founder, Chairman & CEO

Wednesday, September 26, 2007 at 9:30 a.m.

Mr. Chairman, Members of the House Small Business Committee, Subcommittee on Contracting and Technology, other Panelists and Guests.

I am Quentin T. Kelly, Chairman and CEO of WorldWater & Solar Technologies Corp. of Pennington, New Jersey. WorldWater is a small firm of solar engineers and water management engineers, solving power and water problems by utilizing our proprietary solar photovoltaic—PV—technology. This new technology enables us not only to develop and distribute solar electricity but to drive motors and pumps up to 1000 horsepower, repeat 1000 horsepower, from sunshine alone...or in seamless conjunction with the electric grid or diesel generators. Today WorldWater technology is operating the largest solar irrigation system in the world—a citrus ranch in Borrego Springs, California; the largest solar agricultural system in the world – a 1000 acre avocado ranch in Fallbrook, California; the only totally self-sustaining water district in the world, that is, grid power may be interrupted or the district can be disconnected from the grid and the district can continue normal operations from our solar electronics; a half-Megawatt of solar-generated electricity for the Atlantic City New Jersey Water Treatment Plant; and we have just begun construction on the largest PV plant for an airport—the Fresno-Yosemite International Airport in Fresno, California—where we will supply 40% of the electricity required and save the Airport an estimated \$13 million over the contract period of 20 years.

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(Classifications B, C10)

Stock Symbol (OTC BB: WWAT)
A Fully Reporting Company

- Solar Pumps and Motors
- Solar Electrical Systems
- Water Management

Visit our web site at:
www.worldwater.com

We are one small business that can point directly to the Federal Energy Bill that instituted the 30% investment tax credit as an extremely significant part of our success. We first implemented that tax credit in 2006 by creating Power Purchase Agreements (PPA's) for third party investors. This investor group funds the installation of our solar technology and equipment for host-customers, who then pay for the electricity so generated for their buildings, airports, water districts, etc. at a discount to the going utility rate. The host-customers pay directly to the investor group, who take advantage of the 30% tax credit plus other incentives from the states and the Renewable Energy Credits which are also generated.

This creates a triple Win situation: the host-customer, corporate facility owner or municipality or water district pays nothing up front and receives a discounted rate for his electricity when it is installed and delivered; the investor group makes some 10 to 15% after-tax return annually, and WorldWater sells a lot more of its technology and equipment, earning much more revenue, and employing substantially increased numbers of workers.

To be specific, we had no PPA business in 2005. We initiated our first PPA's in late 2006, and nearly all of our business in 2007 will be from PPA's. In 2005 we had 27 employees and generated \$2 million in revenue. In 2006 we moved up to 40 employees and \$17 million in revenue. In 2007, we now have 80 employees and I have given guidance on revenues for the year of \$25 million. We have a potential business pipeline of \$200 million and much of that will be through PPA's. Next year we anticipate having 150 employees.

In addition to the direct influence on our of this one tax credit of 30 percent, the greatly increased growth of our company through the help of PPA's now enables us to reach and bid for projects in the US and around the world of much larger dollar size and system capacity. We recently announced a Letter of Intent with a Spanish company to install 10 Megawatts of solar electrical power in Spain in 2008, 10 more Megawatts in 2009, 10 Megawatts in 2010 and possibly 50 Megawatts in the following two years. We'll install one watt for \$6, so 10 MW means \$60 million in revenue to WorldWater. We are proceeding to contract on that LOI as I speak, and we have been offered substantially more solar business from other clients in Spain, in the immediate as well as near and long term future.

Our sharp growth in the past two years has also opened other opportunities to advance our technology in partnership with other small businesses. Let me tell you about these advanced technologies, because I believe this may well mark a new map for power generation. We are acquiring a company called ENTECH, which supplies NASA with high tech solar technology used in space exploration. Entech has developed a system concentrating solar cell power 20 times while using only one-twentieth the amount of silicon of a standard cell. They have

created optical lenses unsurpassed in the concentrating business. We will be using this Entech technology specifically in our Spanish business but also in the US in 2008 and onwards...critically reducing the cost of producing a kilowatt hour of solar electricity, and thus decreasing the cost of solar electrical generating plants. We will soon be competitive with the grid in many places without the need for government rebates.

Entech is one technology. We also have another technology to add to the mix through the acquisition of some of our stock by a company called EMCORE. This high-tech space company has developed a dot, maybe one-eighth of an inch in diameter, which when concentrated will produce 500 to 1000 times the energy of a standard, traditional solar cell. When they first showed me this tiny cell, I thought...This is the future of power. Next week, Emcore's R&D team moves in with WorldWater in our vastly enlarged new quarters which we are leasing near Princeton, New Jersey, and together with Entech, we three will develop the following: Emcore's cell concentrated by Entech's optical lenses and translated from energy into working power by WorldWater's electronic control devices. That is what I meant when I said I could see the future of power. This three legged stool of technology, for example, will be able to supply full power for cities of 10 to 20 thousand—from sunshine alone. I expect this to be available within 3 years.

So the importance of this hearing today and tax policy favoring credits and assistance to renewable energy efforts, in my opinion, could not be reflected any more clearly than in the facts and prospects I have just described. What you have instituted and are considering in terms of lengthened tax incentives has palpable effects in the marketplace—WorldWater & Solar Technologies is a prime example. And if we benefit, the renewable energy industry benefits...and America's energy policy will experience success unforeseen even a few years ago. That's how fast we in the solar business now see the future of our power generation developing. We can use your help.

Thank you.